



**Gwinnett County
Public Schools**

**Gwinnett County Board of Education
Superintendent's Recommended Budget**

Mr. J. Alvin Wilbanks

FY2013 Public Budget Document

July 1, 2012–June 30, 2013

The Gwinnett County Board of Education’s Fiscal Year 2013 (FY2013) budget, as recommended by CEO/Superintendent J. Alvin Wilbanks, is presented within this document. This budget represents an investment plan for Gwinnett County Public Schools, its students, employees, and the community as a whole. The budget recommendations are tied directly to the strategic vision and direction of the Board of Education.

The proposed Total Budget for FY2013 is approximately \$1.7 billion, representing a decrease of 0.3% from the current FY2012 Total Budget. The proposed budget for the general operations of the school district is reflected in the General Fund at \$1.2 billion, a decrease of 4.8% over the current year. The individual funds and the changes from Fiscal Year 2012 are summarized below:

Funds Comprising the Total Budget	FY2013 (In Millions)	FY2012 (In Millions)	Dollar Change (In Millions)	Percentage of Change
General Fund	\$ 1,205.2	\$ 1,265.8	\$ (60.6)	(4.8%)
Special Revenue Fund	76.9	90.2	(13.3)	(14.7%)
Capital Projects Fund	176.9	75.7	101.2	133.7%
Debt Service Fund	172.3	207.8	(35.5)	(17.1%)
Enterprise Fund	88.3	85.9	2.4	2.8%
Internal Service Fund	10.5	10.5	-	-%
Total Budget	\$ 1,730.1	\$ 1,735.9	\$ (5.8)	(0.3%)

This investment plan for FY2013 accommodates a student population that is projected to grow to over 163,050 students.

The FY2013 proposed budget was developed for Gwinnett County Public Schools prior to the conclusion of the 2012 legislative session and final approval of the state budget. Thus, the Governor’s most current state budget recommendations at the time of budget development were used as the basis for the proposed local budget. The state budget for FY2013 includes the following for education funding:

- The state budget recommendations include the continuation of state revenue cuts made to the Quality Basic Education (QBE) funding formula – cuts that began in FY2003. The “temporary QBE reduction” for FY2013 is approximately \$113.3 million, unchanged from the FY2012 amount. The cumulative effect of these reductions over the 11-year period is the loss of approximately \$630.5 million for Gwinnett County Public Schools since FY2003. The persistent state cuts present a formidable challenge in meeting the needs of Gwinnett’s growing school district, not only for FY2013, but for future years as well.

- Gwinnett County Public Schools qualifies for funding under the state’s equalization grant in FY2013. The district’s projected equalization funding for FY2013 is \$45.4 million. This is a \$6.8 million appropriation increase from FY2012 due to GCPS’ enrollment growth outpacing the change in the property tax digest relative to other school districts in Georgia and the change in the method for calculating the distribution of appropriated funds (legislation was introduced to change the equalization calculation).
- The employer cost for health insurance premiums is increasing for over 6,300 “non-certified” employees by \$1,800 annually per employee. This premium increase will cost Gwinnett County Public Schools approximately \$11 million in FY2013 alone.

Also significantly impacting revenue estimates for FY2013 is the continued projected decline in the local property tax digest. Based on the current trend in the residential and commercial real estate markets and the number of assessment appeal notices filed with the county tax assessor’s office, local ad valorem/property tax revenue is projected to decline by \$35.5 million, a decrease of 7.9%. This will be the fourth consecutive year the local property tax digest has decreased, with the decline totaling 24% over this four-year period, which will result in an annual cumulative loss of \$133 million in local property tax revenue for future budget years.

In addition to the state and local revenue declines discussed above, the district used the federal Education Jobs Funds (stimulus dollars) of approximately \$31.0 million to balance the FY2012 budget. These funds will not be available in FY2013 and will have a significant impact on the General Fund expenditure budget next year.

For FY2013 the school district once again closely scrutinized all proposed expenditures. District leaders knew early in the budget development process the significant challenges that would be generated by the continued state QBE revenue reductions, the projected decline in the local property tax digest, and the loss of federal funding. The following measures are recommended to meet those challenges and balance the FY2013 budget:

- Division heads were directed to reduce their operating expense budgets by a minimum of 2.5% from the current level (a cumulative reduction totaling 20% over the past four years), while maintaining essential levels of service to support teaching and learning. These reductions resulted in projected savings of \$1.6 million over the current FY2012 operating budget.
- School staffing allocation formulas were revised district wide to add two students to most class sizes. The district will hire approximately 585 fewer teachers as a result, saving approximately \$43.0 million. Despite the reduction in personnel allotments, schools will continue to receive positions to accommodate student growth, and average student/teacher ratios will remain within state approved class-size limits.
- The budget includes the elimination of 54 central office positions, saving approximately \$2.7 million. In addition, a hiring freeze will continue and only critically needed positions that the budget can continue to fund in future years will be filled as vacancies occur during the year.

- Approximately \$19.0 million will be saved due to the Board's annual rate for employer contributions to the Gwinnett Retirement System (GRS) changing from 5.09% to 2.43%. This change in the contribution rate is recommended by the plan's actuary, based on the actuarial experience study. In addition, to align GRS with the state Teachers Retirement System, employees hired after July 1, 2012, will be vested in the retirement system after 10 years rather than the current five, and there will be a slight change in spouse survivor benefit options. The proposed changes will have no negative impact on the plan's assets, current or future retiree benefits, or the stability of the Plan.
- The budget includes the continuation of two furlough days for all employees except bus drivers and school nutrition staff, saving a projected \$10.4 million
- System employees will not receive a longevity-step salary increase. Providing an increase would have meant an additional cost in salaries and benefits of \$16.8 million.

Summary of the Six Funds in the Total Budget

- ❖ **The General Fund** represents 69.7% of the Total Budget. Primary day-to-day operations of the school district are budgeted through the General Fund. Student achievement and the teaching and learning process are the central focus of this budget, as evidenced by the fact that 71.6% of the General Fund budget is targeted for instructional services. The General Fund budget is decreasing by 4.8% over the current FY2012 budget, primarily due to revenue reductions and lower budgeted expenditures. The budgeted expenditure per student is decreasing by 5.2% to \$7,391.

The General Fund, as recommended, is funded with projected state revenue in the amount of \$698.5 million, federal revenue of \$0.3 million, and projected local revenue in the amount of \$506.4 million. The millage rate to support this budget will be set in June once more complete data is available on the local property tax digest. As noted earlier, these figures are based on the most current projections and state recommendations at the time of budget development.

- ❖ **The Special Revenue Fund** in the FY2013 budget is projected to be \$76.9 million, a decrease of \$13.3 million over the current year. This fund accounts for federal categorical grants such as Title I, Title VI-B, Title II, and secondary vocational grants. This fund included \$7.0 million in carryover revenue from the American Recovery and Reinvestment Act, which ended during FY2012.

- ❖ **The Capital Projects Fund** in the FY2013 budget totals \$176.9 million, an increase of \$101.2 million from the FY2012 level. This fund includes state capital outlay grants, proceeds from the 2008 General Obligation bonds approved by voters in February 2008, and the tax proceeds and expenses funded by the special purpose local option sales tax (SPLOST) approved by voters in November 2011. Proceeds from the 2012 Bonds used to advance fund the SPLOST program account for the increase in expenditures.
- ❖ **The Debt Service Fund** for FY2013 will be \$172.3 million, a decrease of \$35.5 million from the FY2012 budget. This fund represents the budgeted principal and interest payments for outstanding debt associated with 1.) prior bond programs, 2.) certificates of participation (COPS) issued in April 2004, 3.) short-term Series 2007 bonds issued to advance fund the SPLOST III program, 4.) General Obligation bonds approved by voters in February 2008, and 5.) short-term Series 2012 bonds issued to advance fund the SPLOST IV program. The principal and interest payments for the SPLOST III and SPLOST IV program will be paid with accumulated sales tax proceeds from each program and will not require a debt service property tax levy. The millage rate required for the remaining debt service will be adopted in June.
- ❖ **The Enterprise Fund** contains the budget for the cafeteria operations for the school district. The total budget for this fund will be \$88.3 million for FY2013.
- ❖ **The Internal Service Fund** represents the operations of the school district's worker's compensation/risk management fund, employee short-term disability program, and the in-house print shop. The total budget for this fund will be \$10.5 million for FY2013.

A detailed version of the budget is available for public review on the Internet at www.gwinnett.k12.ga.us. The budget is also available in the Gwinnett County Public Schools Department of Budgets and Financial Reporting, located in the Instructional Support Center at 437 Old Peachtree Road, NW, in Suwanee. Interested citizens may call 678-301-6210 to request an appointment to review the detailed document.